

February 1, 2000

PUBLIC UTILITIES COMMISSION
Investigation into Area Code
Relief

EXAMINER'S REPORT

NOTE: This Examiner's Report contains the recommendation of the Hearing Examiner. It does not constitute Commission action. Parties may file responses or exceptions to this Report on or before **February 16, 2000**. It is expected that the Commission will consider this Examiner's Report at its Deliberative Session on **February 22, 2000**.

I. SUMMARY

In this Report, I recommend that the Commission deny Bell Atlantic's (BA) Motion to Defer the Implementation of Pooling Until October 2000 (Motion). In addition, I recommend several changes to the pooling implementation schedule established at the Industry Implementation Meeting. Finally, I propose that the Commission adopt the version of the Industry Numbering Committee's Thousand Block Pooling Administration Guidelines (INC Guidelines) proposed to the Federal Communications Commission (FCC) by the State Coordination Group¹ on January 20, 2000, during an *ex parte* meeting on numbering issues.

II. BACKGROUND

On November 4, 1999, the Commission ordered the implementation of thousand block pooling in Bell Atlantic's service territory by June 1, 2000.² On November 17, 1999, an Industry Implementation Meeting was held during which the following schedule for pooling implementation was established:

¹ The State Coordination Group is comprised of state commission staff from the states of California, Colorado, Connecticut, Florida, Indiana, Massachusetts, Maine, Missouri, North Carolina, New Hampshire, New York, Ohio, Pennsylvania, Texas, Virginia, Washington, and Wisconsin who discuss and coordinate state numbering policies.

² On September 28, 1999, the FCC delegated authority to the Commission to establish thousand block pooling in all LNP-capable rate centers in Maine. *In the Matter of Maine Public Utilities Commission, Petition for Additional Delegated Authority to Implement Number Conservation Measures*, CC Docket No. 96-98, Order (September 28, 1999) (*FCC Delegation Order*).

November 4, 1999 - February 2, 2000	Block Protection
April 1, 2000	Block Forecast Report
April 27, 2000	Block Donation Identification
April 27, 2000 – May 18, 2000	Pooling Administrator Assessment of Industry Inventory
May 25, 2000	Uncontaminated Block Donation
June 1, 2000	Pool Start Date
October 31, 2000	Contaminated Block Donation

BA, as well as the other pooling participants, indicated at the meeting that they were willing and able to meet this schedule.

On November 30, 1999, BA filed its Motion requesting that the Commission delay the implementation of pooling until October 2000. BA argued that delaying the start date would allow BA to modify its operational support systems (OSSs) so that it could implement pooling on a mechanized basis and avoid the costs associated with manual implementation of pooling. BA estimated that the "one time" fixed costs associated with manual pooling would exceed \$10 million dollars. BA also claimed that delay of the start of pooling would not negatively impact the exhaust date of the 207 NPA.

On December 1, 1999, the Hearing Examiner issued a procedural order requiring BA to provide a detail analysis of the incremental costs associated with pooling on June 1, 2000 rather than October 2000 and set a hearing date for the Motion of December 10, 1999. On December 7, 1999, BA submitted its detailed cost analysis. According to BA, a June 1 start date would result in \$7.3 million dollars in incremental expenses that would be shared by all the states that pooled in the BA-North area and \$2.9 million dollars in incremental Maine-specific costs.

On December 10, 1999, the Commission held a hearing on BA's Motion. During the questioning of BA, it became clear that many of the costs included in BA's estimates were not incremental costs associated with a June start date, but were costs that would be incurred regardless of the start date. Further, it also was clear that many of the fundamental assumptions used by BA in its calculations were flawed. For example, BA assumed that all its numbering needs during the manual portion of the pool would be met with donated blocks. Given that BA would be allowed to keep at least a 6 month inventory of numbers, such an assumption grossly overstates the costs associated with the June 1 start date. Because of the unreliability of the BA estimates, the Commission requested that BA submit revised cost estimates if it wished to pursue its Motion.

On December 14, 1999, the Hearing Examiner issued a procedural order requiring BA, all CLECs, and all wireless carriers to submit updated COCUS information by December 30, 1999, so that the Commission could evaluate the impact that the pool start date would have on the exhaust of the 207 NPA.

On December 29, 1999, BA resubmitted its cost estimates. According to BA's revised estimates, the shared incremental costs for a June start date would be \$2.6 million dollars and the Maine-specific incremental costs would be \$2.5 million dollars.

III. BA's MOTION

A. Updated COCUS Information

According to the updated COCUS information provided by the carriers,³ the number of new codes needed for this year is as follows:

1/00 –6/00	6/00-12/00
32	25

These estimates do not include any codes for new entrants. Based upon new entrant needs in 1999, NANPA's growth forecast for the 207 NPA and the number of pending CLEC certifications, at least 40 additional codes will be needed in 2000 for new entrants.⁴

Currently, there are approximately 155 codes left in the 207 NPA. Wireless carriers will not be LNP-capable, and thus able to pool, until November of 2002. Further, Maine's 23 independent telephone companies (ITCs) are not yet LNP-capable and are not required to be so until they receive a *bona fide* request. Accordingly, in order to appreciably extend the life of the 207 NPA, Maine needs a sufficient supply of full NXX codes to meet wireless and independent telephone company numbering needs for at least the next three years, as well as to fill individual rate center pools.

If the Commission were to delay pooling until October 2000, there would only be approximately 56 NXX codes left at the time pooling began. While forecasted wireless needs for 2001 and 2002 are minimal, the Commission cannot be sure of the accuracy of the forecasts nor the exact date of wireless implementation of pooling. In addition, it is unclear exactly how many codes will be needed to fill rate center pools between October 2000 and December 2003. If pooling begins in June, there will be approximately 104 NXX codes left, an amount that should be sufficient to meet wireless and ITC needs and fill rate center pools for several years.

³ One carrier has not yet provided its updated COCUS data.

⁴ Last year, new entrants obtained approximately 37 codes. NANPA based its May 1999 exhaust forecast for the 207 NPA in part upon a projection of 20 growth codes needed by new entrants per year.

B. BA's Revised Cost Estimates

As noted above, BA's revised costs estimates decreased the overall costs by \$5 million dollars (50% of the original estimate). The following tables summarize the costs (as provided by BA) associated with each aspect of pooling over the next year and the date after which the cost would be completely avoided.

MAINE-SPECIFIC COSTS

COST	AMOUNT	AVOIDANCE DATE
Donation of Vacant Blocks	\$1,060,900	November 1, 2000
Donation of Contaminated Blocks	\$84,601	February 1, 2000
Receipt of BA-ME Blocks	\$18,515	April 1, 2001
Receipt of CLEC Blocks	\$1,570,321	April 1, 2001

SHARED COSTS

COST	AMOUNT	AVOIDANCE DATE
Common	\$270,820	November 1, 2000
Donation of Vacant Blocks	\$1,560,000	November 1, 2000
Donation of Contaminated Blocks	\$0	February 1, 2000
Receipt of BA-ME Blocks	\$0	April 1, 2001
Receipt of CLEC Blocks	\$862,400	April 1, 2001

If two changes are made to the current pooling implementation schedule, all but \$1,184,089 of the costs described by BA will be avoided.⁵ First, if we delay donation of contaminated blocks until February 1, 2001, \$84,601 in costs are avoided. Second, if we delay BA's use of donated blocks (either BA or CLEC donated) until April 1, 2001, \$1,804,436 in costs are avoided.⁶

To accomplish these changes to the schedule, two modifications will need to be made to the INC Guidelines. First, I recommend that we change the inventory level of blocks a carrier is allowed to keep from a 9-month supply to a six month supply. This is consistent with the Illinois Pooling Guidelines, the California Pooling Guidelines, and the State Coordination Group's modifications of the INC Guidelines. The second change would be to allow carriers to keep a 15-month supply of blocks at the time pooling begins. Under such a scenario, BA will not be required to use any donated

⁵ Use of BA's numbers for the purpose of this analysis does not indicate any finding by the Commission that these costs will be fully recoverable. The amount and method of recovery of BA's carrier-specific costs will be determined in a later phase of this proceeding.

⁶ $\$18,515 + \$1,570,321 + (\$862,400/4) = \$1,804,436$. Shared costs are divided by four states (ME, NH, MA, and NY) because BA has a very minimal presence in Connecticut and thus Connecticut will likely not pay a full share of the costs.

blocks until after April 1, 2001 and thus Maine will not incur the costs associated with manual use of donated blocks.

C. Analysis of Utilization Data

Based upon an analysis of the number utilization data provided by the Industry in the fall of 1998, March 1999, and September 1999, it appears that there will be sufficient vacant blocks to initially populate the pools in almost all pooling rate centers. Specifically, fewer than 10 rate centers will likely need to be filled by full NXXs if carriers donate all vacant blocks not needed to meet their 15 month supply needs. This analysis is preliminary and does not take into account: (1) technical limitations, such as the need for Centrex customers to avoid certain thousand blocks; (2) any unexpected spikes in customer demand due to the introduction of a new product into the marketplace or any other special marketing programs; or (3) rate center-specific forecasts by carriers.

At the Industry Implementation Meeting on November 17, 1999, BA and other carriers indicated a willingness to work with the Commission if it became clear that the donation of a limited number of contaminated blocks to meet specific rate center numbering needs would result in substantial savings in whole codes. The Commission, through its staff, will work closely with the carriers and NeuStar to populate the individual pools as efficiently as possible.

D. Recommendation

When the findings described above are considered together, it becomes clear that for approximately \$1.1 million dollars the Commission can begin pooling on June 1, 2000, save at least 40 full codes (wireline codes projected to be used after the pool start date plus half of the estimated new entrant codes), and be assured that there is a sufficient supply of both blocks and full codes in the 207 NPA for many years. If pooling does not begin until October 2000 and there are more new entrant code needs than anticipated, it is quite possible that the 207 NPA could exhaust before the benefits of pooling can be realized. It is also important to note that once thousand block pooling is in place for all carriers, 40 full codes could supply many years of numbering needs for the 207 NPA. Thus, I recommend that the Commission proceed with the June 1 start date for pooling with the modifications suggested above.

Parties should file any exceptions to the Examiner's Report no later than February 16, 2000.

Respectfully submitted,

Trina M. Bragdon
Hearing Examiner